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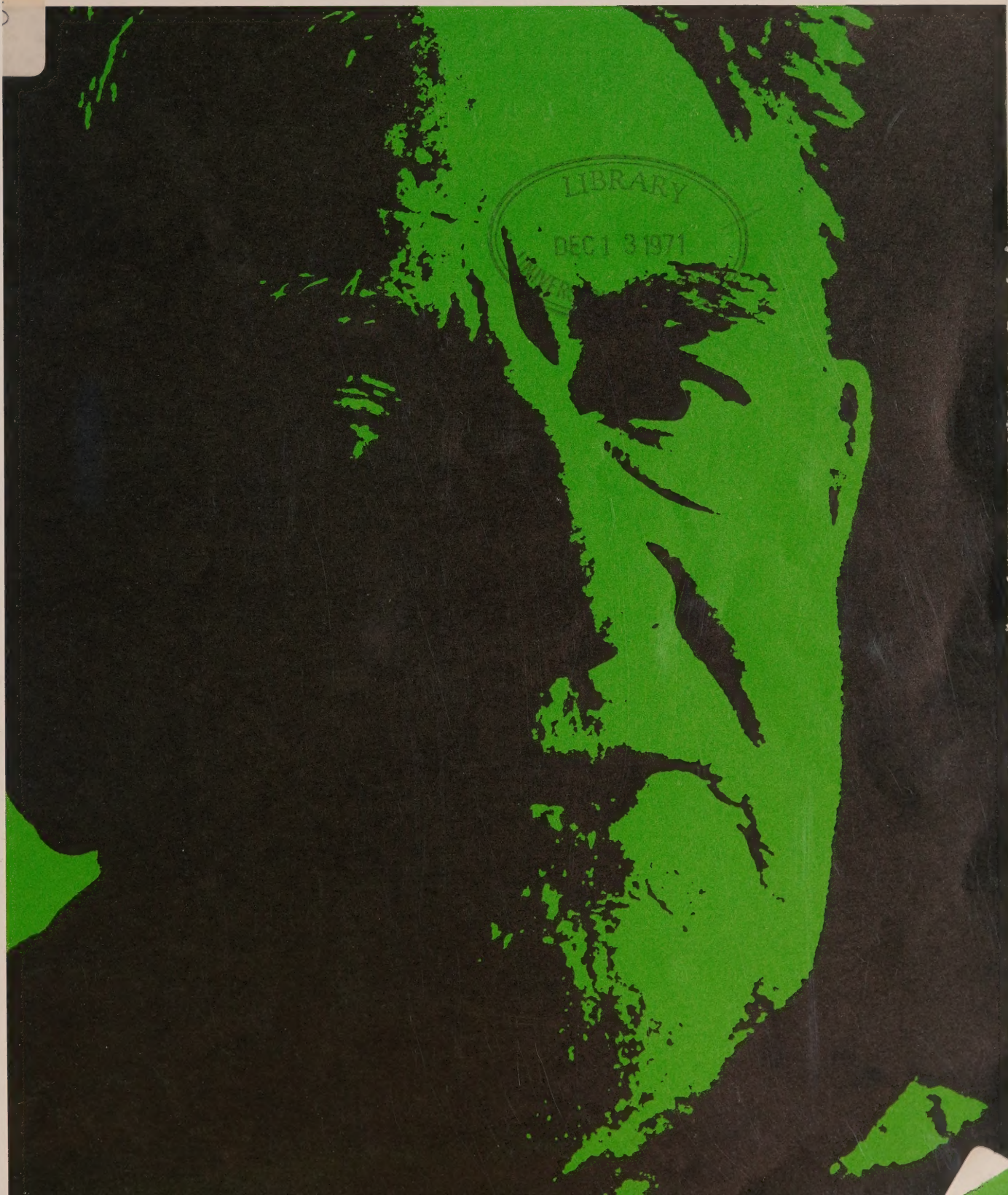
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# Problems of the Older Worker

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Issued by the  
Ontario Human Rights Commission  
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*General Publications*

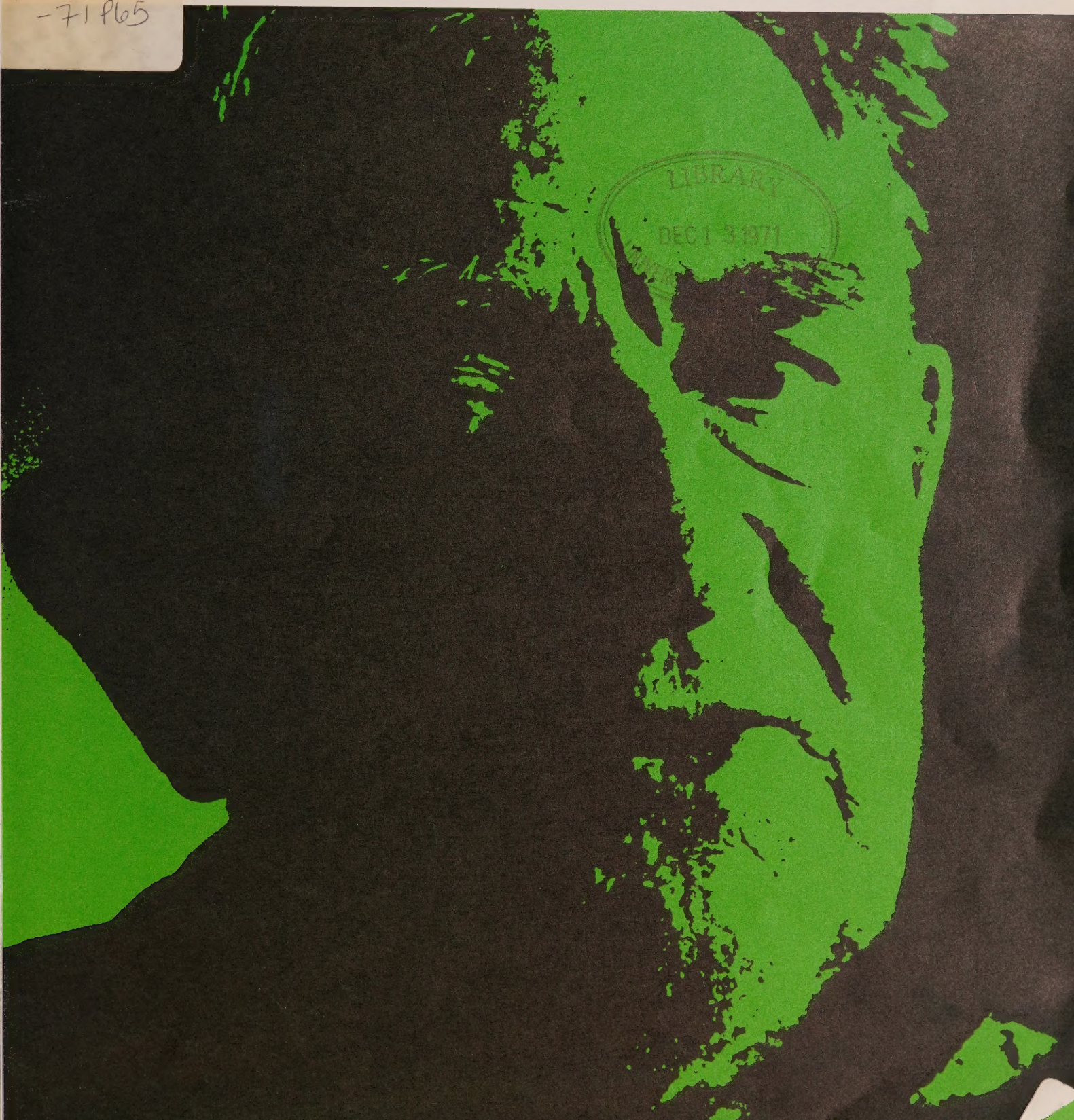
# Problems of the Older Worker

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In recent decades the advances made in health care, nutrition and related fields have not only lengthened man's life span but have vastly improved the quality of life in the latter years. Yet everywhere there is evidence that older people are facing major difficulties because of their age. And in the labour market the term "older worker" is being applied at a younger age instead of at a later age, as the increased vigour and better health of today's older population would lead one to expect.

Throughout the industrialized world there is growing concern over this problem and in many countries there is now legislation to prevent age discrimination in employment. In Ontario, the Provincial Legislature passed The Age Discrimination Act in July, 1966. The purpose of the Act, which is administered by the Age Discrimination Division of the Ontario Human Rights Commission, is to ensure equal opportunity in employment regardless of age, with an individual's qualifications, experience and merit in general being the sole test in being interviewed, selected, hired, promoted and retained in employment.

Age discrimination does not seem to evoke the same sense of moral outrage at the community level as does discrimination

based on race, creed and national origin. Nevertheless, the consequences of age discrimination are no less severe in the economic sense, in the social sense and in the psychological sense. The victims are crippled in equal measure by age discrimination.

To promote greater awareness of the subject, the Age Discrimination Division sponsored a one-day seminar in Toronto on June 4, 1970, with the theme "The Older Worker in Today's Economy and Community". So great was the response and interest shown in this seminar and the subsequent report, that the Ontario Human Rights Commission has undertaken to reprint a series of three articles on the problems of the older worker which appeared in 1970 in "Task", the magazine published by the Ontario Department of Labour.

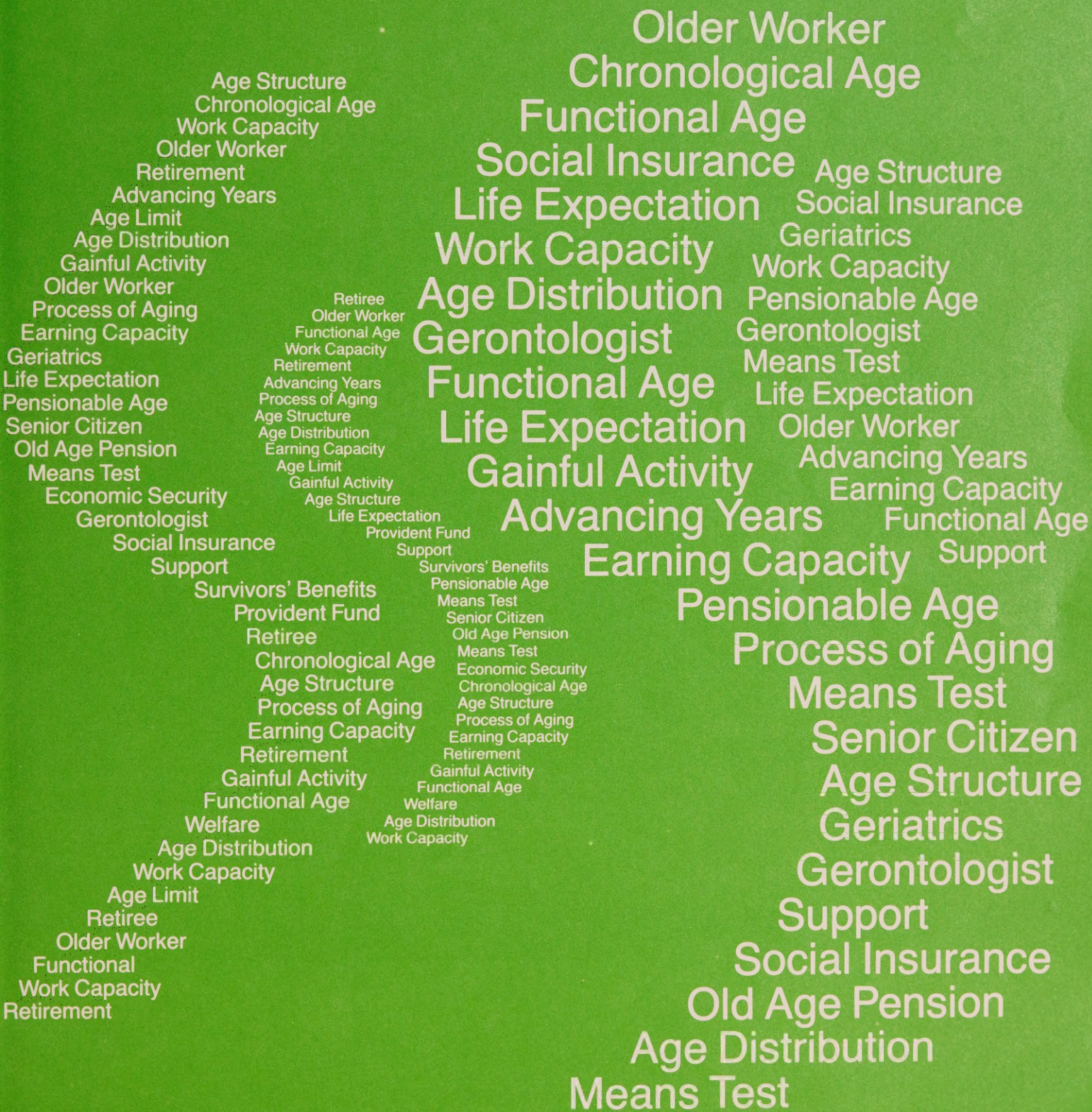
The articles, issued here in one booklet, examine some of the difficulties encountered by older workers in a youth-oriented world, the vast changes which have occurred in the aging process, the role played by pension planning in our society and the problems posed by compulsory retirement.



A third of Canada's labour force is aged 45 or over, but the myths and paradoxes that work against the employment of older persons persist stubbornly in our youth-oriented society.

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# The Artificial Barrier





"The hardest thing is that your friends can't find time any more to have coffee with you".

The speaker is a former Toronto sales manager, unemployed for the past two years. He's healthy, he's aggressive, he's a hard worker, he has always paid his way. But although he has made hundreds of written and personal applications in the past 24 months, he is out of work.

Out of the blue he lost the job he had held for 12 years, at an annual salary which mounted to \$16,000, because of a merger and subsequent reshuffle of staff. At first he applied only for positions at the level he had achieved or higher, secure in the knowledge that he was qualified and experienced. Now his aims are lower. He's answering advertisements calling for book-keepers, senior clerks. But he still hasn't got his foot back inside the closed door of the work world.

Why? Because he is 50 years old. And if he were an out-of-work clerk, factory hand, waiter, the chances are his story would be the same. He is grappling with the problems of the older worker.

The word "old" is purely subjective. To the teen-ager, 30 is "old"; to the adult, "old" may mean 55 or 60 or 70. Most of us think of the older worker as someone getting ready for retirement. But anyone dealing with the sociological or economic aspects of aging knows that today the older worker can be a man or woman of 40 or even 35 who experiences difficulty in finding work because of age.

The sweeping and ever-accelerating changes which have taken place in the past half century throughout the world have been accompanied by unprecedented advancement in all fields of knowledge and technology – and by a social revolution the impact of which is not yet fully understood. Never before in history has there been such awareness of the needs and attributes of youth – yet in all regions of the world it is the old who are multiplying faster than the total populations.

### Life Expectancy

According to figures published by the International Labour Organization, from 1950 to 1960 the world's population grew by 1.6 per cent per year, or by approximately 42 million persons each year; the old population (those 60 years of age and over) grew by 2.5 per cent or by 4.5 million persons per year. There are at present over 200 million old people in the world. By 1975 it is estimated they will number some 300 million, increasing by around 6 million annually.

The life expectancy of the average Greek in classical times was 18. A hundred

years ago the average life expectancy in the western world was probably around 30. Today one out of every 14 persons in the world is 60 years or more. In the USSR the proportion is one out of every 11; in North America and Europe it is one out of every seven.

Yet, while advances in health care, nutrition and related fields have not only lengthened the span of life but vastly improved the quality of life in the latter years, there is evidence that older people are facing major difficulties because of their age. And in the labour market the age at which the term "older worker" is applied to a man or woman is getting lower instead of higher, as the increased vigour and better health of today's older population would lead one to expect.

Over the past ten or 15 years there has been growing concern throughout the world over all aspects of the aging process and especially over the problem of age discrimination in employment. A number of important studies have been undertaken and conferences held, several of them in Canada.

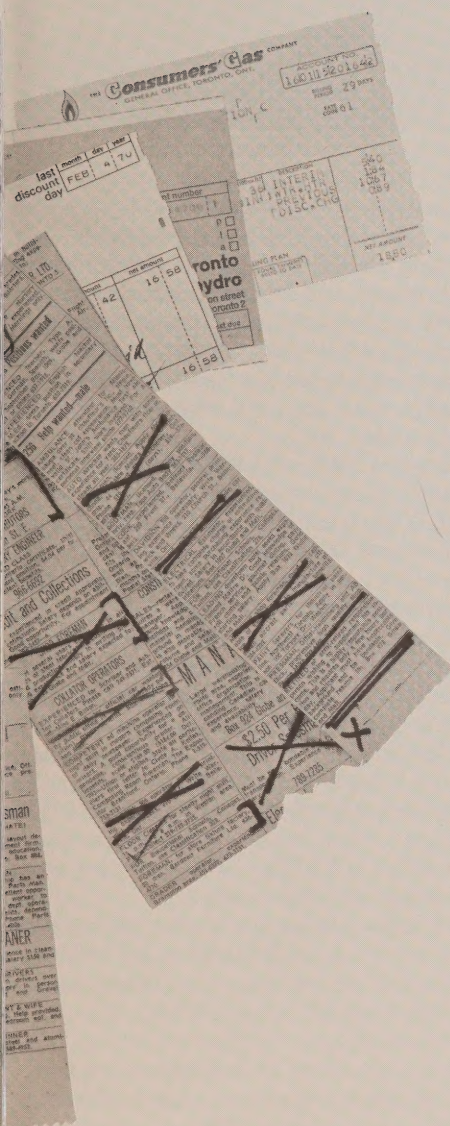
### Society's Responsibility

At the 46th session of the International Labour Conference in 1962 the Report of the Director-General, on "Older People – Work and Retirement", underlined the necessity of arousing public conscience "to a better understanding of the difficulties of older persons and the need to overcome those difficulties in a positive way in order to fulfil the responsibility which lies on every society to make the best possible use of the skill and experience of its citizens, to provide them with equality of opportunity and treatment and to ensure to them the respect, maintenance and comfort due to them when their long working years are over".

Surveying the occupational distribution of older persons in economic life in member countries, the Report noted that as people grow older their range of choice about work narrows and they often have to take jobs which youth disdains, jobs relatively poorly paid and jobs held in little social regard.

"Many of the employment difficulties of older people grow out of generalized, subjective and false impressions about 'older workers' and about their capacities for work and adaptation. This tends to breed prejudice for no good reason and with no objective basis: prejudice which cannot be easily eradicated, no matter how illogical it is".

In the United States, the Special Committee of the Senate on Aging





**Table 1**  
**The Population of Ontario by Age**

Year	Total Population		45 Years of Age and Over		45-64 Years of Age		65 Years of Age and Over	
	No.	%	No.	%	No.	%	No.	%
1901	2,183,000	100.0	447,500	20.5	326,900	15.0	120,600	5.5
1951	4,597,600	100.0	1,308,800	28.5	908,400	19.8	400,400	8.7
1968	7,306,000	100.0	1,954,500	26.7	1,361,000	18.6	593,500	8.1
<b>Percentage Increase</b>								
1901-1968	234.7		327.2	30.2	316.3	24.0	392.1	47.3

**Table 2**  
**The Labour Force in Ontario by Age**

Year	Total Labour Force		45 Years of Age and Over		45-64 Years of Age		65 Years of Age and Over	
			Employed/Unemployed		Employed/Unemployed		Employed/Unemployed	
1951	1,870,000	600,000	7,000	512,000	6,000	88,000	1,000	
1968	2,934,000	958,000	26,000	875,000	23,000	83,000	3,000	
<b>Percentage Change</b>								
1951-1968	56.9	59.7	271.4	70.9	283.3	-6.0	200.0	
<b>Participation Rate</b>								
1951	40.7	46.4		57.0		22.2		
1968	40.2	50.3		66.0		14.5		
<b>Percentage Change in Participation Rate</b>								
1951-1968	-1.2	8.4		15.8		-53.1		
<b>Unemployment Rate</b>								
1951	1.4	1.2		1.2		1.1		
1968	3.5	2.6		2.6		3.5		
<b>Percentage Change in Unemployment Rate</b>								
1951-1968	150.0	116.7		116.7		218.2		

reported that in 1964 about three and a half million workers 45 years or older were involuntarily unemployed at one time or another. The committee expressed concern over the length of time they were likely to remain unemployed.

"The duration of unemployment among older workers has grown relatively worse in recent years. Also the problem area is increasing significantly because the absolute numbers of older persons, and therefore the number of persons who may be the victims of age discrimination in employment, is growing rapidly".

In many countries there is now legislation to prevent age discrimination. In 1966 the Government of Ontario passed The Age Discrimination Act, administered by the Ontario Human Rights Commission, "to assure that able and qualified workers between the ages of 40 and 65 are afforded equal opportunities to seek and secure

gainful employment on the basis of their individual ability to perform the job".

But the increase here and elsewhere in recent years in the number of newspaper articles, case histories and letters to the editor reporting the hardships of middle-aged and older workers in job-hunting would indicate that the problem is far from being solved.

Since the Act came into force, the number of complaints dealt with by the Age Discrimination Division of the Ontario Human Rights Commission has grown each year and the program of education and publicity undertaken by this branch has expanded considerably.

"Unfortunately, the myths that work against the employment of older persons persist stubbornly", says George A. Brown, Administrator of The Age Discrimination Act. Although his branch handles about 200 complaints and inquiries

a year, Mr. Brown believes this is but a small proportion of the real problem.

"Our work is hampered by the reluctance of older people to come forward and lodge a complaint of discrimination on the grounds of age. They're afraid of what the neighbours will think, or of being labelled trouble makers".

To promote greater awareness of the subject, the Age Discrimination Division sponsored a one-day seminar in Toronto on June 4, 1970 with the theme "The Older Worker in Today's Economy and Community". It was attended by nearly 300 delegates, representing business corporations, unions, government and voluntary bodies, employment agencies and management consultants, as well as human rights agencies from across Canada. (The seminar is briefly reported on Page 10.)

It is difficult to find facts and figures that show a precise picture of how age is affecting employment but it is clear that older people, and therefore older workers, form a large proportion of the population. Recent Dominion Bureau of Statistics figures indicate that in Canada workers over 45 account for almost a third of the total labour force.

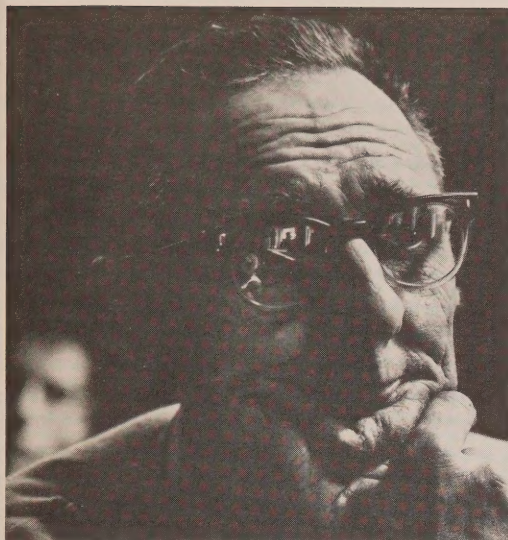
Between 1951 and 1968 Ontario's total population increased from 4,597,600 to 7,306,000. In 1968 one out of every four persons was 45 years or older and one out of every two in this group participated in the labour force.

But a break-down of the figures (see chart) shows that while in the period 1951 to 1968 the number of people aged 45 to 64 in the labour force increased from 518,000 to 898,000 (an increase of 57.7 per cent) and the number employed rose from 512,000 to 875,000 (an increase of 70.9 per cent), the number of unemployed rose from 6,000 to 23,000. This represents an increase of 283.3 per cent.

While the population of persons aged 65 and over rose from 400,400 to 593,500 in this period, the number in the labour force declined from 89,000 to 86,000. The number employed fell from 88,000 to 83,000, a decrease of 6 per cent. But the number unemployed rose from 1,000 to 3,000 — an increase of 200 per cent. The participation rate for this group fell from 22.2 per cent to 14.5 per cent.

Certainly earlier retirement and improved pension plans have a bearing on the decrease in the older worker participation in the labour force. And studies indicate that most older people who are well adjusted and have made financial provision look forward to retiring at 65 or younger. But there is no way of knowing how many





older workers are forced to leave by compulsory retirement policies, even though they may be able and willing to continue working. Their chances of finding alternate employment are slim.

In the 1950s pensions were one of the major obstacles to the hiring or retention of middle-aged and older workers cited by employers. Many employers were reluctant to hire workers who were ineligible because of age from entering their pension plans or whose service would be too short to provide an adequate retirement income.

### Old Age Security

But as H. L. Douse, Chief of the Section on Older Workers, Manpower Utilization Branch of the Canada Department of Manpower and Immigration, points out, the progress in liberalization and flexibility of pension planning has ruled this factor out as a major barrier. With the establishment of the Canada and Quebec Pension Plans and the Old Age Security Program every worker today can be assured of some retirement income. And as many employers have integrated their private pension plans with the Canada Pension Plan, they have reduced their own costs and the older new employee is no longer the liability once claimed.

What then leads to the persistence of the myth that at some arbitrary age, ranging from 55 to 40 or younger, a worker is on the decline? Because there's no doubt that it is becoming tougher for the man in his forties to get a job, according to a leading Toronto management consultant whose firm places executives in advertising, sales, marketing and general management.

"The term 'older worker' is coming down to include the 40-year-old and the number of top-flight people out of jobs because of their age is too high. I know

too many men with brain power and proven records in their careers who are sitting on the beach because they're 50.

"Men of real ability may wait two years to get another job because they are between 40 and 50. They are having to compete with applicants of 25 to 28, with a degree and four or five years' experience. Often the employer thinks of the older man: 'He's not really promotable — for less money I can get a brighter kid, more able to communicate in today's world'.

"When people who want to change jobs at that age come to consult us we tell them not to move until they're certain of employment. In industry, if an executive earning over \$16,000 a year loses his job through no fault of his own — changes in management and so on — he's going to have a hard time getting another job if he is over 40. In advertising, his career in the profession is dead.

### Myth and Paradox

"This is a terrible waste of competence and ability. And it destroys a man who has been a leader, a decision maker, who has maybe run an operation of up to 500 workers".

"Our society today is more youth-oriented than ever before", says George Brown. "And unfortunately many people, as they approach 40, themselves help to contribute to the myth surrounding older workers. They become afraid of appearing 'square' and 'not with it' and they feverishly adopt the mod clothes and mannerisms of the young.

"Advertising plays a big part in fostering this youth image. Never before has the potential buying power of the teens and early-twenties been so enormous. As a result of this image of young, swinging, sophisticated consumers, the fear of being thought a has-been is unconsciously developed in the over-thirties.

"The paradox is that it is taking youth longer than ever before to reach the labour force — more training, longer in college and university — so that often a worker does not become effective till he is 25.

"Linked with this is the fact that older people are vigorous to a much greater age than ever before. It is therefore ironic that now of all times there should be this prejudice that a person is on the decline after he reaches 40. By this irrational thinking we are compressing a worker's effective career span into 20 years — from 25 to 45".

One of the myths is that the older worker is more accident-prone. Another is that work performance slows down in the 40s and 50s and yet another that the older

worker lacks flexibility, is difficult to train, is less thorough or mentally alert than the young employee.

"These are all areas where it is impossible to generalize on the grounds of age alone", says Mr. Brown. "But a Canada Department of Labour survey found that in the important areas of general productivity, judgment, staying on the job, care of equipment, of machinery and of themselves studies conclusively prove the older worker is superior.

"Then there is the charge that older workers lack dynamism and are slower to change. Many employers refuse to employ an older person because they say they want a younger person to train up in the image of the corporation — yet job mobility is the order of the day and younger workers tend to switch jobs to gain greater experience in their professions.

"There is also the paradox that if a man has been in the same job for 20 years employers say he is too rigid, slow to adjust, lacks aggression or curiosity. If, on the other hand, he has had ten jobs in 20 years they say he lacks stability".

### Balanced Force

Responsible employers recognize that ability is ageless and that individual differences vary enough to make arbitrary age limits invalid. Out of a total staff employed by Ontario Hydro, one of the world's largest public utilities, almost 50 per cent are between the ages of 40 and 66.

"We have found in our industry that a balanced work force of young and older workers tempers the enthusiasm and vitality of youth with the maturity and stability of age", says Dr. Donald K. Grant, Director of Medical Services for Ontario Hydro.

"Enlightened modern industrialists have come to realize that the men and women who run their machines and administration are their most precious and valuable asset. Unlike the machine he uses, which begins to depreciate as soon as it is set up on the shop floor, the value of the employee actually increases with age and experience. A capable and reliable employee represents many years of investment and often cannot be replaced immediately as can a machine when it breaks down".

Dr. Grant says that experience with older workers and surveys of large industries have shown that they are superior to younger workers in dependability, attendance, punctuality, judgment and human relations. They are somewhat inferior to younger workers in learning new skills *quickly*, in speed of operation, stamina and physical agility.



"Occupational physicians are working closely with personnel officers to explode the myth that men and women over 40 should not be hired. Most of the key people in industry, the professions, politics and public service are 40 or older and if everyone past 40 were suddenly withdrawn from the labour force, our national economy might well grind to a standstill".

### Work Performance

The Report of the Director-General to the International Labour Conference in 1962 referred to earlier cites a number of studies on age and work performance which indicate that "the popular notion of aging in relation to work has to be radically revised in the modern world: economically, socially, physiologically, psychologically, and in human terms, it is out of date and inadequate. Today the capacity for work persists far longer than is commonly recognized. Indeed, work capacity may on the whole increase rather than deteriorate with advancing years and both efficiency and responsibility may be higher amongst older workers than amongst younger ones, more often than is generally believed".

One of these studies was undertaken in France and reported that a quantitative reduction in output commonly sets in only after the age of 60 in the metal trades and in the mechanical and electrical industries, and only after the age of 65 in the building trades. It was also found that output reached a high peak during the 50s for workers in commercial and administrative fields and for engineers.

The Report quotes a survey of older workers in two large department stores in Canada which showed that on the whole the older workers performed their work as well if not better than the young workers; that their output increased with age to a certain extent even taking account of length of service, perhaps attaining a maximum soon after 50 and stabilizing or slightly declining thereafter though still holding its own with that of young workers; and that their output increased with experience, perhaps even more rapidly than did that of young workers.

Several surveys of comparative job performance by age among both factory workers and clerical office workers in the United States show similar results. For both groups there was relatively insignificant variation in average performance among age groups but wide variation in average performance among individual workers within age groups. A large proportion in the higher age groups turned in a better than average performance. Moreover, studies of labour turnover by

age groups have shown that as a general rule turnover is almost invariably not as high among older workers as among younger workers. In the United Kingdom in 17 undertakings surveyed in 1957, the labour turnover rate was 32 per cent for men 25 to 39 years old and only 11 per cent for those 40 and over.

Yet in spite of the accumulating evidence to the contrary, the argument that the older employee must give way to the younger one persists. As reported in the Toronto Star in April, 1970 William Martin, director of the management centre of the University of Michigan and Wayne State University, told an audience of 800 members of the Personnel Association of Toronto that half the employees over 55 in any company should be fired within the next three to five years.

### "Old Charlies"

The main reason for getting rid of the "Old Charlies" in a firm was to open up the lines of promotion for the "young chargers", the development men, who must be brought in. Martin said at least five US corporations are now engaged in firing half of their employees over 55, especially at the executive level. He is quoted as saying that studies have shown that 40 per cent of discharged older employees found other employment and were "happy doing book-keeping three days a week".

According to the report, the address ended to loud applause. But one member of the audience had a question: "Where do all the old Charlies go – that is after the generous settlement that lasts about 18 months?"

One of those trying to find out is Irvine H. Williams, chairman of the Metro Employment Research Foundation, a registered charitable organization which acts as a fact-finding body and counselling service on the job problems of over-50s. Since Mr. Williams helped set up the foundation two years ago, when he himself lost his executive job at 50 and could not find other employment, hundreds of older workers have turned to him for assistance.

"The dumping process is happening every day", says Mr. Williams. "An employer hands a worker who is between 50 and 55 back his contributions to the pension fund, gives him a couple of months' salary and says 'good luck, Ron, you've worked hard for us and we're grateful – why don't you go out and get another job while you still can'. This is often done with the best of intentions. Then begins the long and often hopeless battle to find employment".

One such case spent six months looking for work after he lost his job as advertising manager for a large retail organization. He was luckier than most. After 198 personal interviews in which he was told he was over-qualified or too senior, he applied and was accepted for a government agency post in a different field of work and at a much lower salary than he was accustomed to.

Mr. J. W. Eleen, Research Director of the Ontario Federation of Labour, believes the problem is aggravated by the conflict between private industry's need to maintain maximum efficiency and society's need to keep as many people as possible working for as long as possible.

"It is only a matter of degree how prolonged unemployment affects the executive and the blue-collar worker", he says. "For the executive who loses his job at 45 or 50, it means that he can't find work at his level – in the end, when he has swallowed his pride, he can usually get a job at a lower level. It may take two years before he is prepared to take a wage cut, which will lower his status, but in most cases work will be available.

"But for the blue-collar worker it is not a question of lowering his status – he just can't get a job. I have the feeling that many blue-collar workers over 45 who become unemployed through no fault of their own become unemployable.

"I believe that in the over-all interest of society private industry will have to amend its objectives. I also believe that some day a job will be a right to which all workers will be entitled.

"There will also have to be a change in our attitudes. Today, when a man loses his job he has lost his place in society – once you're out of work you have ceased to exist".

This is a view with which Sister St. Michael Guinan, Executive Officer for Research in the Department of Social and Family Services' Office on Aging, will agree.

"In our continent, the man who has no employment has no role to play in society and, as a result, has no title to respect or dignity, that respect or dignity due a man simply because he is a member of the human race".

By 1979 the Government of Ontario expects to have the most penetrating and comprehensive record of what happens to a man and his family from the time he reaches middle age until he faces retirement. The Office on Aging is now half way through a unique long-term study of aging which began in 1958 with a sampling of 2,000 men of 45, ranging from labourers and skilled workers to teachers and



lawyers, and will continue until the survivors reach 65.

Each year the participants answer a questionnaire and interviews are carried out by field workers from the regional offices of the Department of Social and Family Services. The purpose of the project is to evaluate over the years the socio-economic and health changes that accompany aging; the ways adjustments are made to alterations in the manner of living; and the effectiveness of all services (current and contemplated) for aging persons.

Apart from the personal tragedy, there is no way of measuring the ripple effect on society as a whole of the prolonged unemployment of an older worker. He is probably in the period of maximum financial responsibility, with mortgage and insurance payments to meet, children to support and a rising standard of living.

Even if he were willing to retire from active employment he probably doesn't have enough pension credit to retire with sufficient funds to keep up with his expenses. If he has saved money towards his old age it will quickly be used up if he faces a year or two of unemployment. And if he has no savings to fall back on, sooner or later the family will be in serious difficulties from which they may never recover. For many such families the end of the road is going on welfare, but unless they are destitute even this door is closed.

"Anyone around 40 or 45, in fact anyone under 60 who has \$100 in the bank doesn't qualify for any help if he loses his job and cannot get back into the labour force", says Mr. Moses McKay, secretary of the Welfare Committee of the Metropolitan Labour Council.

### Cost to Community

According to figures published by the ILO the dependency load on the community is becoming heavier. In 1950 every 100 persons of working age in the world supported 64 young and 12 old persons. By 1975 it is estimated the figures will be 69 young persons and 14 old.

"Hence the general picture is of a world with an aging population", states the Report of the Director-General of the ILO. "This can mean more older workers in the labour force and does mean more old people for society to consider and to some extent to support.

"We will have to see that the practical implications of these trends are faced squarely and in good time in order that our economic and social policies and measures may be reoriented and refashioned to meet the problems of the growing numbers of older people in every society".



Delegates from all parts of Canada and the United States and experts in the field of aging examined new developments in legislation, changing attitudes in society and possible solutions to the problems of age discrimination in employment.

## Seminar on Age Discrimination in Employment

Equality of opportunity in employment requires that men and women be considered on the basis of their individual capacities and not on the basis of any characteristics generally attributed to a group, said the Hon. Dalton Bales, QC, Minister of Labour, in Toronto on June 4. He was addressing a seminar on the older worker in today's economy and community, sponsored by the Age Discrimination Division of the Ontario Human Rights Commission. The seminar, the first on age discrimination in employment to be held by a government agency in Canada, was attended by nearly 300 delegates representing business corporations, unions, government and private organizations and human rights bodies in other provinces as well as the United States.

"Just as prejudice in any form may well cripple the human being who suffers from it, so does age discrimination cripple the mind of the man or woman who is made the object of it", said Mr. Bales. "This is particularly true in employment. If people are denied the opportunity to make their contributions to society, their status in the community, which is tied to that function, is eroded".

The Minister said progress was being made in eliminating discrimination. Since the passing of The Age Discrimination Act in 1966 more than 400 cases have been processed. The fact that all but one were settled without a public board of inquiry testifies to the co-operation which has been received by the Human Rights Commission.

"In our program, we attempt to replace outmoded approaches with the concept of job classification which is not tied to particular age brackets", Mr. Bales said.

"And we can assure executives, on the basis of our experience with many companies, that they will not lose money but, rather, stand to gain from the experience of older employees".

But, said Mr. Bales, there are many obstacles to overcome in the administration of The Age Discrimination Act and careful research is necessary before deciding on the next phase of the program. The areas to be explored include:

A review of the need for special retraining programs for employees who are encountering employment difficulties because of age;

An inquiry into the extent to which complainants have been faced with reprisals—"we believe a fear of repercussions inhibits a great many employees and executives from lodging complaints and, if this is true, we will, of course, have to consider additional legislation";

A research project in which the Government would seek the co-operation of corporation and personnel agencies to study the pattern of hiring practices as they affect older workers.



Building a "nest egg" for his old age was once a man's private concern and a pension was considered a reward for long and faithful service. Now provision for retirement income is counted as part of a worker's total wage packet.

# 2





# Pension: Reward or Right?

**There has been a tremendous increase in the number of pension plans in Canada. Pensions are now looked on as part of the total wage packet; there is legislation to safeguard pension rights and assure a worker security for his old age.**

Fifty years ago making financial provisions for old age was a private affair and the size of the "nest egg" depended on an individual's means and foresight. Today the provision of retirement income has grown into a highly complex and scientific system and pension planning is playing an ever-increasing role in our economy.

The most recent statistics for Canada were compiled in 1966, when the Dominion Bureau of Statistics conducted a comprehensive survey to determine the number, membership and key characteristics of pension plans in force in Canada on December 31, 1965. The study was timed to establish benchmark data against which to measure the effects of the Canada and Quebec Pension Plans which came into effect on January 1, 1966.

The survey shows that the number of plans increased by nearly 50 per cent from 1960, when there were 9,500 pension plans in operation, to 1965, when there were over 14,000. Plan membership rose from 1,800,000 to nearly 2,300,000 in the five-year period, an increase of 26 per cent.

"Perhaps one of the most significant elements in pension growth was the increase in total annual contributions", states the survey. "In 1965 alone, employer plus employee contributions passed well over the one billion dollar mark to nearly \$1,170 million. Annual contributions of this magnitude have made pension funds one of the largest single sources for capital investment in Canada".

Yet, according to Mr. J.W. Bentley, Superintendent of Pensions for the Pensions Commission of Ontario, there is still an enormous amount of misunderstanding and a lack of communication on the subject of the intent of pension planning, how it operates and how this affects workers, and especially older workers.

## History of Pensions

The concept of the pension goes back to the days of the Roman Empire, when grants of freehold land were given to retiring soldiers, and in other countries pensions were paid as a reward for long and faithful service by soldiers and servants of the state. In England, The Superannuation Act of 1834 introduced pensions for civil servants in the modern sense for the first time. In the United States, municipal pensions and teachers' pensions made their appearance in the 1890s and had become common by 1915.

In Canada, the first Superannuation Act was passed in 1870 to control contributory pension plans for civil servants of the Dominion Government. For two centuries before that the Hudson's Bay Company had provided retirement gratuities for employees





of long standing, but the first systematic pension plan in private industry seems to have been introduced in 1874 by the Grand Trunk Railway for clerical and indoor staff. In Ontario, a single provincial plan for elementary and secondary school teachers throughout the Province was brought in in 1917 and another for provincial civil servants has been in effect since 1920.

It is 20 years since pensions first made their appearance in negotiations between unions and management, following the ruling in 1948 by the National Labor Relations Board in the United States that pensions were a proper subject for collective bargaining. The first plans were bargained at the Ford Motor Company and General Motors. Since then pensions and an increasing range of other benefits, such as widow benefits and broader medical coverage, have become standard items in collective agreements. It is estimated that where 15 years ago fringe benefits accounted for about 15 per cent of payroll costs, today they are costing about 27 per cent and that by the mid-1970s the payroll costs will climb to 34 per cent.

In the 1950s the cost of providing a pension was a major reason cited by employers in Canada as an obstacle to hiring or retaining middle-aged and older workers. Many employers were reluctant to hire workers who were ineligible because of age from entering their pension plans or whose service would be too short to provide an adequate retirement income; rather than pay the older worker a meagre pension or none upon retirement—or give him an adequate pension but at a relatively high cost—the employer preferred not to hire him at all.

### Concern over Paradox

This paradox, that pension plans whose primary purpose was to benefit older people should turn into a barrier to prevent older workers from securing employment, became a matter of growing concern to government and other agencies more than 15 years ago.

Pensions were one of the problems studied by the Canadian Government's Interdepartmental Committee on Older Workers, established in 1953. The report of this committee, published in 1957, focused national attention on pension plans and their effects on the employment of older workers.

The basic conclusion of the report was that nothing inherent in the nature of a pension plan made it impossible for an employer to hire an older worker or to retain him beyond normal retirement age. Nonetheless, the committee appointed in 1960 by the Government of Ontario to study portability of pensions had this to say in its Report: "until recently the plans were not numerous enough

to have had much influence on employment as a whole. Today, however, the plans are so widespread that whatever adverse influences they exert, through imposition of age limits either for hiring or for plan membership, must be felt over a much greater range of job opportunities than hitherto. It follows that latter-age unemployment may become a more serious problem".

The Dominion Bureau of Statistics survey of pension plan coverage shows that in 1960 a total of 53 per cent of all paid workers in Canada were employed by organizations with pension plans. By the end of 1965 the total had grown to 57 per cent of all workers.

The DBS survey defines a pension plan as an arrangement for providing retired employees with a regular income for life; it is generally an arrangement between an employer and his employees for the systematic accumulation of funds during the employee's working years and the distribution of these funds to the employee in the form of a pension after he retires.

### Hardships in the Past

In the early days a majority of such plans were paid solely by the employer, as an incentive to staff members to remain in his employment or to attract experienced and competent recruits. The employee paid no contribution and if he terminated his employment before retirement he was entitled to no benefits under the plan.

Over the years there has been a steady increase, however, in contributory plans, where a percentage of the employee's salary is deducted for investment in the pension fund, with the employer contributing a further sum to make up what is needed to buy an agreed benefit to cover the employee's pension at the time of his retirement. (The DBS survey reports that in 1965 contributory plans covered approximately 1,823,000 employees, representing about 78 per cent of total membership in all plans).

In many cases in the past workers covered by such plans suffered hardships if they terminated their employment before retirement age—although they might receive back their own contributions to the fund plus interest, they lost their rights to a pension in their old age which the pension plan existed to provide for them. If they started in a new job, they would have to come into the new employer's pension plan as beginners.

Assuming that a man was 45 when he joined the new plan and the contributory pension plan provided a pension based on 2 per cent of his salary multiplied by the number of years he worked for the employer, he would be entitled to 20 years' benefit if

he retired at 65. But the 20 years he worked for another employer at the start of his career would be lost to him in terms of pension.

Not only would he suffer because his ultimate pension would be smaller, but the cost to the new employer of including an older worker in the pension plan would be greater. In the most common form of plan, the contributory unit benefit type, age is of particular importance. For male workers whose personal contribution is 5 per cent of earnings, no contribution from the employer is usually necessary to buy the pension specified (commonly 1½ or 2 per cent of earnings) until the worker has reached about 30 years of age.

For those above this age, the required proportion from the employer rises as age increases, and after about the age of 45 the employer's share begins to exceed the worker's. In the last year or two before retirement, at the age of say 64, the employer's share has risen to the point where it exceeds the worker's by more than three to one. It is this aspect which in the past made many employers reluctant to include older workers in their pension plans.

### Legislation Introduced

A major concern of various government and other committees studying pension schemes was how to prevent the wastage of pension rights because of job changes. Nearly all contributory pension plans allowed the employee to withdraw his own contributions if he terminated his employment before retiring age. Over half the contributory plans provided terminating employees with some form of vesting, that is a legal claim to a deferred pension based on the employer's contribution. But in most cases this was dependent on the employee leaving his own contributions in the fund. The vast majority of workers chose a cash refund and so forfeited their rights to the employer's contributions and therefore to any deferred pension benefits.

The Committee on Portable Pensions, established by the Government of Ontario in 1960, heard testimony from a number of interested organizations and individuals in its study of pension practices in Canada and other countries. Its principal recommendations were for the creation of government standards to preserve pension benefits and for the introduction of a vesting standard coupled with restrictions on cash withdrawal of employee contributions.

The Ontario Pension Benefits Act which followed these recommendations in 1965 was the first legislation in Canada that dealt specifically with pension plans. One of its most far-reaching provisions is that all pen-



sion plans registered within the Province must contain a clause which ensures that plan members who leave employment after the attainment of age 45 and the completion of ten years of service will have full vested rights, in the form of a deferred annuity, to all employer contributions made after January 1, 1965, when the Act came into force. By the same token, an employee who qualifies for vesting cannot remove his own contributions, which are "locked in" in the same way as the employer's. This results in what is known as portability of pensions.

"The word 'portable' is bandied about considerably and many people still believe that it means they take the money invested in a pension fund on their behalf with them", says Mr. J.W. Bentley, Superintendent of Pensions for the Pension Commission of Ontario.

"I think the concept is perhaps better phrased as 'the preservation of pension entitlement'. A portable pension does not mean that you take it along with you to your next job; it means that your rights under the pension plan you are leaving are preserved for you and your use at some time in the future".

### Supervision of Plans

In Ontario an employee member qualifies for a deferred vested benefit if he terminates his employment at the age of 45 or more and has had ten years' continuous service with the same employer. In other words, his rights to pension benefits, arising from his own and his employer's contributions during the period of his employment in Ontario, become vested in himself—his contributions and those of his employer are locked in and remain in the fund and no matter where he goes or how many further jobs he holds until the time of his retirement, he will be entitled to some pension benefits under that plan. The amount of the benefit and the age at which payment begins will be determined by the rules of the plan and his service in Ontario.

Every pension plan that has members in the Province must apply for registration with the Pensions Commission of Ontario, which administers the legislation and supervises more than 8,500 private pension plans covering about 900,000 members. Before it is accepted for registration, the terms of the pension plan must comply with the provisions of The Ontario Pension Benefits Act.

"The purpose of the legislation is simply to strengthen the existing system of private pension plans by requiring that pension benefits, under certain conditions, should be preserved for the ultimate benefit of the member", says Mr. Bentley. "This is done

by establishing reasonable methods of funding the plan and by establishing reasonable standards for solvency and for the investment of the fund".

An annual report for every pension plan must be submitted to the Commission; each plan must be valued by an actuary at least every three years and that report submitted to the Commission. The investment of the assets of the pension fund are also subject to certain criteria. There must be diversification of the investment and the investments of the pension fund must be in those types of investment that are permitted by the legislation.

"There is still a great deal of misunderstanding about the intent of pension plans", says Mr. Bentley. "A pension fund does not exist as a form of savings plan—it is a method of purchasing security for the future of the worker. And the concern of the law is to see that the terms of the pension plan, which is in effect a promise made by the employer to the employee concerning his future security, are carried out.

"Put very simply, the legislation requires that the eggs be chosen with due care and that these same eggs cannot all be put into one basket".

Since the introduction of Ontario's Pension Benefits Act, substantially similar legislation has been brought in in the provinces of Quebec, Alberta and Saskatchewan, and in 1967 the Canadian Government enacted The Pension Benefits Standards Act. This Act, which parallels the Ontario legislation in ensuring minimum standards of portability, funding and investment, applies to pension plans organized and administered for workers engaged in employment throughout the country that falls under federal jurisdiction. It is estimated that at present more than 15,000 pension plans are subject to the requirements of these uniform Acts, covering around 85 per cent of all pension plan membership in Canada.

### Cost of Pensions

In addition to the protection provided by the provincial legislation, virtually all workers aged 18 and over in Canada are covered by the Canada Pension Plan which came into effect on January 1, 1966. Any worker, regardless of age, can become a participant in the Canada Pension Plan, which provides complete portability, vesting and locked-in pension credits and therefore ensures a measure of security even for older workers who do not qualify for private pension plans.

The old concept of a pension as a reward for long and faithful service has been replaced by the theory that a pension is in effect a deferred wage, to be paid to the

worker for his retirement security and subject to terms and conditions agreed upon by worker and employer. The trend is increasingly towards bargaining for the inclusion of pensions and other benefits as part of the total wage package to be met by the employer. But it is doubtful whether most people realize how costly this trend has become.

A century or so ago, not many of those who saved money for retirement lived long enough to benefit from it. Today in North America one out of every seven persons is 60 years or more. In Ontario the life expectancy of a man is 68, that of a woman is 75. And for men who now reach the age of 70 the average remaining length of life has increased from about nine to about 11 years. It follows that the number of years for which a retirement income must be provided are increasing.

### Earlier Retirement

To quote the Report of the Ontario Committee on Portable Pensions: "Pensions are more costly than most people realize. The essential arithmetic, though simple, will bear repetition: they are costly because a man who retires at 65 years of age will, on an average, draw a pension for some 14½ years, or about a third as long as his whole working life. The cost of a pension or annuity for such a man, expressed as a lump sum paid immediately before it commences, is about \$11,000 for each \$1,000 of annual pension provided. For women the corresponding cost is higher owing to their longer average life after age 65, being about \$13,000 for each \$1,000".

The Committee also investigated the effects of retirement age. Its findings indicate that the earlier the age of retirement the more costly the pension, and that plans with a fixed and rather low compulsory retirement age are those most prone to entail unemployment.

The Report shows the influence of retirement age on pension costs with an example. An annuity or pension of \$1,000 a year, for a man, payable quarterly for life, on the basis of 4 per cent interest per annum, without guarantee, and bought with a lump sum immediately before the pension begins, would cost \$11,802 if bought to commence at the age of 60. It would cost \$10,165 if bought to commence at the age of 65 and \$8,512 if bought to commence at the age of 70.

One of the reasons for the appointment of the Committee was a concern to increase the employability of older workers. Its Report shows that in certain types of plan the higher cost for older workers exert a persistent pressure in favour of hiring the



young; and that earlier retirement can lead to more unemployment among elderly able-bodied people.

The Report states that, although information on the subject was not conclusive, it appears that later retirement could bring about the two objectives of lower pension costs and a reduction in the number of elderly people seeking work.

"At age 65 the capital cost of a man's pension is, as we have seen, the annual pension multiplied by 11, but at age 70 the cost is the pension multiplied by only 9½. The multiplier falls owing to the older person's shorter expectation of life. If, in addition, the previous contributions can be kept up over the five years until age 70, the cost per dollar of pension can be reduced by about one third".

But in the decade since the Committee was appointed attitudes have swung towards earlier, not later, retirement. In their negotiations trade unions have pressed for retirement at 60 or earlier, or simply after a stated period of service. A major slogan in the recent collective bargaining between the United Auto Workers and the automobile industry has been "30 years and out". The stated goal is a minimum pension of \$500 a month after 30 years of credited service, regardless of age, which would permit workers to retire as early as 55 or even 50.

If this trend spreads to other sectors of industry, as it probably will, how will this affect the employment prospects of older workers? Those workers protected by unions would seem assured of a guaranteed pension, as long as they remain with one employer for the required number of years and as long as they are not caught in mass lay-offs or other upheavals. But what of other workers who through no fault of their own become unemployed at the age of 45 or 50?

There is no doubt that the cost of providing pensions has climbed steeply. It is also clear that in certain types of plans the cost to the employer increases with the age of the worker and in the 1950s this was frequently cited as a major barrier to the hiring of older workers. What is not easy to determine is whether, or to what extent, this barrier has been broken down.

### Effects of Vesting

According to Mr. Bentley, the job mobility of older workers should no longer be affected by pension plan conditions. Since the introduction of the pension legislation the older worker now has three factors which provide a measure of security for his old age: a deferred pension under the vesting clause of The Pension Benefits Act; fully portable Canada Pension Plan credits; the

provisions of the Old Age Security Program.

"At present the vested deferred pension is calculated only on service after January 1, 1965, when The Ontario Pension Benefits Act came into force, and you can argue that the benefits provided at this stage are very minimal. But in the development of this kind of legislation you have to have a starting point and in time the effects of vesting will have much greater bearing on the security of older workers".

As an example of how the "45 and ten" rule applies, a qualifying worker who now leaves a job at a salary of \$10,000 a year would be entitled to a deferred pension of \$814 a year, calculated on five years of service since the Act came into force (the example is based on a constant salary of \$10,000 per year and a pension benefit of 1.3 per cent of salary up to \$5,300 and 2 per cent of the excess for each year of service). If he left his job in 1975, still earning \$10,000, his deferred pension would amount to \$1,628.

### More Flexibility Needed

If vesting were further liberalized, so that the existing 45 years of age and ten years' service was reduced to say 35 and ten, the older worker who becomes unemployed would have accumulated enough security so that he could take another job even without the right to join a new pension plan.

"I have always felt that when employers give the age limit for joining a pension plan as the reason for rejecting older workers, this is not a reason but an excuse", says Mr. Bentley. "With the new security provided by the legislation, it should now be possible for employers to ease their personnel policies affecting the employment of older workers".

As a further removal of pension plans as barriers, Mr. Bentley strongly advocates greater co-ordination of employment benefit programs, in what he calls the "cafeteria approach".

"I have the feeling that the money invested in various programs for income maintenance are not being utilized to the fullest extent. In Canada approximately 12 billion dollars are invested in pension funds and by 1980 this will rise to around 31 billion dollars. I would like to see the money being used in a better way than it is at present.

"We constantly think in terms of a pension plan, or a supplementary unemployment benefit program, or an insurance program, or long-term disability program. What is needed is the co-ordination of any employee benefit program with other existing programs so that both employer and employee, and other beneficiaries under

these programs, receive the maximum benefits for the dollars contributed to the total package.

"It seems to me that the development of a package, or cafeteria, approach should be more than just a pension plan, a hospital plan, a supplementary unemployment benefit program. It should be a package which could permit individual employees more latitude in selecting the form of benefit most applicable to their needs. For instance, a married man with young children could emphasize family protection while an older employee could direct more of the total compensation package into savings or retirement benefits.

"I don't believe it would be any more costly for employers to develop such comprehensive plans, but they would provide greater benefits for the same amount of money. I think it is time management, labour, government and all our advisers looked more closely at the development of total programs if we are not to continue fragmenting our present income maintenance programs".

### Impact on Attitudes

The introduction of the Canada Pension Plan and the provincial pension legislation has already had an impact on the attitude of employers towards hiring older workers, according to Mr. W.H. Wightman, Manager of the Industrial Relations Department of the Canadian Manufacturers Association.

"As far as pensions were concerned, there were formerly two aspects which deterred employers. To start with, the cost of buying a benefit unit to provide even a minimal pension for a short-service older worker was very high. In addition, the employer was candidly afraid of the adverse public relations image created by retiring such a worker on a pittance.

"If a firm had a policy of compulsory retirement at 65, a new employee aged 50 or 55 would have only ten or 15 years in which to build up credits towards a pension. The company would be faced with retiring him on a totally inadequate pension or bearing the higher costs of providing a somewhat better pension. It was an embarrassing situation for any firm with a genuine concern for the future welfare of its workers.

"Now, while the high unit cost remains, I believe an employer can contemplate hiring an older worker without such anxiety over making provision for the man's old age—even if that worker only has ten years in which to accumulate credits, he will have some deferred pension rights from former employers plus his portable Canada Pension Plan credits.

"I think another outcome of the port-



ability of pensions is a demand for greater flexibility in pension planning. There is a growing awareness of the need to develop the kind of plans which will allow a worker's credits acquired in a former job to be supplemented or meshed into the pension plan provisions at his new employment".

### Lack of Communication

Dr. A. Kruger, Associate Chairman of the Department of Political Economy of the University of Toronto, agrees that as older workers build up deferred pension rights under the provisions of the legislation the importance of pension costs to their employability will decrease.

"But I really think that this whole question of employers raising the cost of pensions in relation to the hiring of older workers has become one of habit", he says.

"Back in the 1950s, when pension plans began to increase rapidly, the higher costs of providing pensions for older workers did scare employers and they got into the habit of not hiring people of 45 or 50 for this reason.

"What is more, there is a great deal of ignorance and a lack of communication about recent developments in pension planning and I doubt that too many of those who do the hiring really understand the implications of the legislation or the effects of the vesting clause.

"In big organizations there is a pension section, which deals with all the details of the pension plan, and there's a personnel section, which administers the hiring policy of the firm and may be quite unaware of the changes that have taken place. There is a real need for a program to get this information to administrators of personnel policy and employment benefit plans".

If the higher benefit unit cost of providing a pension for an older worker is still found to be a deterrent, Dr. Kruger suggests a possible solution would be to give the employee the choice of paying the difference in premium rate.

"If the only problem an employer faces in hiring a man of 50 for the job is the cost of letting him join the pension plan, why not increase that worker's contribution to include the amount over and above what it would cost the employer if he hired a man of 25?

"But I think a much more serious employment problem for the older worker is the need for upgrading skills to meet the rapid developments in technology. The question the employer faces is whether it is worth his while to invest in the retraining of an older worker and whether the length of service that remains to a man of 50 will repay this investment"

### Less Reluctance

"It is too early to measure the long-term effects of the legislation, but certainly it is a step in the right direction", says Mr. Gordon Milling, Research Director for Canada of the United Steelworkers of America. Mr. Milling is a member of the Pensions Commission of Ontario.

"But I think the importance of pension costs has been exaggerated. In my experience the cost of pensions is no longer a major consideration with many employers and the rise in pension costs has not led to any major changes in the age pattern of hiring".

Mr. Milling says that since 1963 there has been a pronounced trend in collective bargaining towards the provision of much more generous pensions and that the thinking is strongly in terms of using years of service rather than a stated age as a basis for retirement.

"The goal of the larger unions is for pensions amounting to 75 per cent of a worker's earnings in the years immediately before retirement, after 30 years of service. Right now we have some agreements in force with pensions reaching between 60 and 70 per cent for workers in the low to middle wage groups. And we've bargained for plans allowing for normal retirement as early as 62 after a minimum of ten years of service.

"Certainly the trends in bargaining have pushed up the costs of providing pensions. The pension is no longer looked upon as a reward for long and faithful service, but as a right and as part of the total wage packet. What is happening is that workers are choosing to defer a larger proportion of wage increases in the form of better provisions for their retirement. I believe most employers take this into account when measuring costs".

The use of service and not age as a basis for retirement will probably increase pension costs even further, says Mr. Milling, but in his opinion this will not have an adverse effect on the hiring of older workers.

"If retirement was based on 30 years' service, an employer would have no cause for reluctance in hiring a worker of 45 or 50 because of pension costs—that worker will never be able to accumulate 30 years.

"And one must bear in mind that the increase in pension costs depends on the use of opportunity. In our experience as many as half of those who are entitled to retire at 60 or 62, go on working till they are 65".

### Training Program

Canada's pension legislation has aroused a great deal of interest in other countries.

Requests for information have been received from government sources, businesses and labour unions in England, the United States, Australia and elsewhere.

And in Toronto, Humber College of Applied Arts and Technology has introduced the first training program in North America which conducts specialized courses on pension and other employee benefit plans. Since the summer of 1969 the college has run a number of three-week seminars for people who work in the administration of such plans. Over 100 participants from all parts of Canada have attended. The course covers an analysis of various kinds of benefit programs and a review of relevant legislation. Speakers include specialists and consultants from government agencies and industry.

"With the growing complexity in the design, control and administration of employee benefit plans, formal training in administration is now a vital necessity", says Mr. James Brodie, lecturer in Business Law at Humber College and leader of the seminar program. "Yet there is still, even among administrators, a great lack of knowledge and misunderstanding of the intent of pension planning and the implications of the legislation".

There are, however, encouraging signs that at all levels of society there is increasing awareness of the need for better information and improved communication on a concept designed to help, and not hinder, man's enjoyment of a serene old age.



Ideally, retirement should be a period of well-deserved contentment, satisfaction and freedom from financial worries. But too many people come to retirement with no preparation, no idea of what to expect and no plans for making the best use of their leisure years.

# 3





# The Final Plateau

"In the short span of 20 years retired people have become a major class in American society, to which cohorts are added by the thousands each year and at increasingly younger ages . . ."

"For many men who have devoted all their life to work there is nothing to substitute for it once it is taken away from them . . ."

"I worried a lot for three or four years before my retirement—I didn't know what it would do to me . . ."

"Many older workers are reluctant to retire. They are capable of working, they want to go on working and they feel that their age by the calendar is not a measure of their ability . . ."

"Retirement from active productive living should be by choice and not by the compulsion of age . . ."

"Retirement is something for which people should be trained, just as they are for all other activities of their active life . . ."

"To enhance the quality of life in old age, society must either provide more training for leisure in middle life or more opportunity for continued employment in late life . . ."

**Some workers look forward to retirement eagerly; others dread it as the end of their active role in society. The last article in this series examines the need for pre-retirement education and preparation for what should be a new and purposeful phase of life.**

These are some recent thoughts of psychologists, gerontologists, social workers, business men and old people on what has been described as the "final plateau" of a worker's life. In the past decade there has been growing interest and concern over all aspects of aging and the complex problems posed by retirement.

There is increasing awareness of the paradox that while life expectancy has been greatly extended (in the United States alone there are 20 million men and women aged 65 or over), the trend is toward earlier and earlier retirement, with compulsory retirement at 65 or 60 now the general rule.

The controversy over compulsory versus voluntary retirement has gone on for some time. The arguments in favour of automatic retirement at a fixed age state that it is the only non-discriminatory method; that it is necessary in order to open up promotion opportunities for younger workers; that it is an essential base for operating a successful pension plan; that after 40 or more years of monotonous routine or jobs involving hard physical labour, workers are entitled to a well-earned rest and that it is in their best interest to retire.

Those opposed to compulsory retirement argue that aging is a highly individual process and that any method based on chronological age fails to distinguish between those who are capable and willing to go on working and those whose abilities have been impaired; that it is a waste of valuable experience and skill; that it causes unnecessary hardship to those who, for financial reasons, must continue working and those who want to remain in active production.

Whatever the ultimate outcome, there is a general consensus of opinion that the worker who retires at 65 has the prospect of a further 15 years of life and that it is important for his sake and for society that this phase is spent productively and does not become a time of loneliness, frustration and dependence.

The whole question would seem to entail two basic considerations. The first is the individual's difficulties in coming to terms with the fact of retirement itself and the disruption of a life-long routine. The development of pension planning has been an important factor in relieving older workers of some of the anxiety about financial security in retirement. But the specialists in the field are agreed that it is not enough just to have enough money to live on—a man must continue to have something worth while to do so that he is not stripped of his role in the community.

It is also generally agreed that people who are well-educated and well-adjusted are able to deal satisfactorily with the transition to retirement and that those who work in low-paid and machine-dominated jobs look forward to the end of this phase of their working lives. But a large proportion of older people have no desire to go into compulsory retirement. The second consideration involves those who are able to work, need to work and want to work and are caught up against their will in the process of retirement (it is estimated that in the US alone one and a half to two million men and women over the age of 65 are capable of part-time or full-time employment if employment were only available to them).

Ideally, retirement can and should be "a period of well-deserved contentment, satisfaction and freedom from financial worries", according to Mr. H. L. Douse, Chief of the Section on Older Workers, Manpower Utilization Branch of the Canada Department of Manpower and Immigration.

"This does not necessarily mean a time of inactivity, except for those who are most content when they are not active. It should be a time when the person who has been promoted to the plateau of freedom from the responsibilities and pressures of the working world can make a choice between increased activity or inactivity."

A question of growing concern to gerontologists and sociologists as well as



government and private agencies is what opportunities exist for those who want to continue working after the age of normal retirement and what ways and means can be developed to make this possible, using the skills and experience of older workers without endangering efficiency or blocking the flow of promotion for younger workers. Has the organizational machinery that goes hand in hand with technological advancement become so inflexible that the individual needs of people have to be sacrificed or can the system be adapted as more becomes known about those needs?

frequent rest pauses. Often a simple change in working conditions or techniques, such as adjusting the height of a bench lathe or modifying the hand-grip of a pair of pliers, eliminating excessive glare or noise, may significantly alter the amount of fatigue produced by repetitive jobs and allow an older worker to remain productive.

An example of how a simple change in job design can make a great difference in work strain is the case of a 65-year-old engine inspector who had to stand at his work and bend low several times every hour. Because of age mutation in his back and

technical developments may release workers from the drudgery of heavy physical work, they can create for the older worker more problems than they solve.

K.F.H. Murrell, a leading researcher in the subject, also emphasizes the need for a measure of retraining of workers to make the most effective use of ergonomics. "It is no use pushing ahead with alterations and leaving the operative to get on as best he can — rather, changes should be made in the light of knowledge of those changes which can be made tolerable by a carefully planned program of retraining".



### Reducing Strain

In a number of countries attempts are being made, with occupational analysis and job evaluation and adjustment, to enable workers to continue in employment for as long as they are capable and willing. One such method is ergonomics, which involves a re-design of a job to make it possible for the worker to continue at his original work by reducing strain to a minimum and thus maximizing his potential. It attempts to "fit the job to the man".

Among the special problems which older workers may encounter is that they find it more difficult to work at a fixed pace than younger people, they are not able to tolerate heat and cold so well, their vision and hearing deteriorates, they need more

legs, he found the work too much of a strain and had to give it up. As an experiment, job re-design was carried out and the support of his work table was lowered so that he could work in a seated position with normal distance — as a result, this man continued to work for seven more years with full productive capacity.

Experts in the field warn, however, that job re-design must go hand in hand with careful checks to determine whether the changes are really helpful to the workers concerned or whether the demands put on them are merely of a different kind. It has been found that though common sense indicates that increased mechanization and automation should be to the older worker's advantage, this is not always so. While

There are contradictory views on the value of retraining older workers and it has been widely held that older people are unable to learn new ways or adapt to change. There is, however, growing evidence from research around the world that, while in some older people there is a decline in the ability to memorize and recall new information, training techniques geared to their needs can overcome any special difficulties experienced by older workers.

Exhaustive testing at the Duke University Center for the Study of Aging and Human Development shows that the elderly need more time than younger people because responses are apparently slowed down by anxiety — an older person's goal is less to achieve success than to avoid failure.



Studies carried out in the United States on the integration of older workers into re-training programs reveal the importance of counselling such workers, not only to assess their abilities but to allay the apprehensions about training which many older workers may fear or resist because of its novelty or unfamiliarity.

Mr. R.A. Wooland, manager, industrial relations of the Lufkin Rule Co. of Canada, Ltd., believes that it is not biological age but "the time span of stagnation" which results in the myth that older workers are less adaptable to change.

"I feel that we confuse age with 'time span'. Let's suppose that by some occult process a man ceased to age beyond, say, 30 years and remained with the same employer. In 20 years' time (still aged 30) I suspect that he would have acquired the same characteristics of obsolescence as he would had his age actually advanced to 50 or more".

Mr. Wooland believes that management actually helps create "human obsolescence" by permitting a worker to become isolated from the academic, business and technological world outside his own company and particular job. By the same token, management can help prevent this isolation by encouraging workers to attend night school classes and seminars, and providing in-plant instruction.

### Learning Habit

There is also increasing evidence that it is a lack of general education, or the fact that the habit of learning was last used 30 or 40 years ago, which presents the most serious handicap to the older worker in relation to retraining. Therefore a need seems to exist to encourage workers, young and old, to improve the level of their basic education. Such an upgrading project has been carried out jointly for several years by a group of Toronto industrial firms.

The program was started in 1964 by Philips Electronics Industries Ltd. in Canada. In co-operation with the Federal Department of Labour, the Ontario Department of Education and two other companies, they started classes for workers who wanted to complete Grades 9 to 12 of their schooling. Today six companies, employing between 2,000 and 3,000 workers, participate in the scheme.

The program is open to workers of all ages on a voluntary basis and those taking part attend classes from 4 to 6 p.m. on five days a week. They are paid full wages for the time they have to miss leaving work early to get to class. Two school portables have been erected on the Leaside premises

of Philips and the Department of Education pays the salaries of the teachers who give instruction in English, mathematics and science. Around 40 workers have enrolled each year and there have been six graduating classes since the project was started. The drop-out rate among participants is negligible.

"We made no promises that those who took the course would get better jobs", says Mr. F.K. Richan, vice-president, industrial relations at Philips. "The aim of the project was to help workers upgrade their basic education so that they would be in a position to benefit from retraining at a later stage. In fact, a number of those who have graduated have been promoted and others have found better jobs".

Although the course was not designed with any age group in mind, it is a matter of concern that at present most of those taking advantage are younger workers in their 20s and that very few older workers enrol.

"We believe the reason why workers in their 40s and 50s are reluctant to take advantage of this course is lack of confidence and fear of failure", says Mr. Richan. "Many of them may not have studied for 30 years or more and they are timid to try getting back into the learning habit.

"This is a pity, because I'm sure it could be of particular benefit to older people. We have found that most workers who go through the course develop a thirst for further learning, they want to go on studying, they want to broaden their interests, they develop a liking for reading. This is just the sort of stimulus which would help older workers in preparation for retirement. We are now thinking about ways of trying harder to encourage our older workers to take the course".

### Work for Pensioners

In Holland the parent company of Philips pioneered another type of approach in providing workers over 65 with earning opportunities and a way to remain productive. In 1959 the company set up a workshop that offered part-time jobs to retired employees. The enterprise, run as an entirely separate company, makes teaching models of machinery and in 1968 its annual turnover had risen to around \$150,000 with a net profit of some \$75,000.

At present about 250 pensioners are employed at the workshop. The average age of the workers is 70 – the oldest is over 80 and a dozen are 75. They pace themselves, working a three-hour shift, and are paid according to their abilities. A measure of the venture's success is that after ten

years in operation more than 40 of the original hundred pensioners were still working.

"The need for such schemes, for such organizations as the pensioners' workshops, is emphasized by geriatric research which has proved beyond doubt that there is inter-relationship between the physical and psychological condition of the elderly", according to Professor F.M. Roeterink, himself a retired Philips employee and former manager of the workshop.

"There is no use building beautiful apartment blocks for the elderly unless you provide them with the opportunity to put their extended life expectancy to a meaningful purpose".

The idea of workshops and similar projects run on a commercial basis, but staffed exclusively by pensioners, is spreading through Europe and in Great Britain a number of firms have developed successful schemes for their former employees to continue work after normal retirement.

There has not been much development of such special projects in Canada, but here, as elsewhere in the world, increasing thought is being devoted to the whole question of retirement and to attitudes and roles as these affect the retiring worker.

### Importance of Preparation

Attention became more sharply focused on the problem in 1966, when the first Canadian Conference on Aging was held in Toronto, and the Report of the Special Committee of the Senate on Aging was published. Both the conference and the committee called for studies on retirement and for the establishment of programs, involving management, labour, government and voluntary agencies, to counsel and prepare people for retirement. Since then, an increasing amount of literature on the subject is appearing, many government and voluntary agencies have set up sections dealing with education for retirement and education authorities have established or are considering pre-retirement courses.

The importance which is attached to preparation for retirement by workers in the field of geriatrics was emphasized in a number of papers presented at the 23rd annual meeting of the Gerontological Society, held in Toronto from October 21 to 24, 1970. The Society, which came into being in 1945 to promote the scientific study of aging and to advance the utilization of research in the development of public policy, has a membership of over 4,000 and includes scientists, social workers and others interested in the problems of aging. Most of them are in the United States, but there are members in many countries around the world, including



Chile, India, Italy, the Netherlands, Japan and Hungary.

It was the first time that the annual meeting was held in Canada. Over 700 delegates attended and papers were presented to report progress in the biological sciences, clinical medicine, psychological and social sciences and social welfare.

Dr. Abraham Monk, of the State University of New York School of Social Welfare, reported the findings of a study on the preparation for retirement by a group of well-functioning administrative and professional men aged between 50 and 59. It was found that, rather than planning for it, the subjects in the chosen group gave all indications of denying retirement and preparation for it as if it were a stigma and an insult to their self-esteem.

Among answers recorded during the study were remarks such as "I could not retire . . . I am too active, my urge to be useful is too strong . . . nobody retires from life unless he is dead . . ."

"The American industrial society, which provides role models for practically all stages of the life cycle, has failed so far to generate satisfying options for the years that follow the institutionalized event of retirement", said Dr. Monk.

"For many men who have devoted all their life to work there is nothing to substitute for it once it is taken away from them. This applies very specially to the executives and professionals, usually described as 'doers'.

"Therefore, if retirement constitutes a complex problem area, its alleged trauma can only be lessened through some form of systematic anticipation".

### Use of Leisure Time

"Ours is a work-oriented and not a leisure-oriented culture and individuals now in their middle age will arrive in old age essentially unprepared for the meaningful utilization of large amounts of free time", said Dr. Eric Pfeiffer, Associate Professor of Psychiatry at Duke University, North Carolina. He presented a paper to the conference on research into the use of leisure time in middle life, carried out by Duke University's Center for the Study of Aging and Human Development.

The research is part of a larger longitudinal study of middle and old age, which is following 500 men and women aged 45 to 69 for a period of six years and seeks to determine some of the social, psychological and physical determinants of adaptation in this age range.

Dr. Pfeiffer reported that the majority of the subjects questioned would still work

even if they didn't have to (85 per cent); that they derived greater satisfaction from their work than from their leisure activities; that only a small percentage felt they did not have enough free time; and that subjects who were employed or engaged in business had experienced fun more recently than non-working subjects.

"In order to avoid serious degrees of dissatisfaction in old age, our society must provide either more training for leisure in middle age or more opportunity for continued employment in old age. Or we must create a more even distribution of both work and leisure over the life span.

"Perhaps a combination of education for leisure and flexible retirement policies might work best in the US. One possible way of accomplishing this would be to increase vacation time after 50 or 55 by two weeks each succeeding year.

"Part-time or part-year work might then be continued past the so-called retirement age to the extent an individual wished or was able to work. In the process, individuals might *gradually* learn to use increasing amounts of free time meaningfully and enjoyably".

(Writing in the *Globe and Mail* on June 12, Wilfred List reported signs that unions were beginning to introduce into their contracts sabbatical or extended vacation clauses, vacation bonus clauses and provisions for easing workers into retirement. Such provisions, which are featured in collective agreements in the pulp and paper industry in Central and Eastern Canada and in some agreements in the steel industry, tie extra vacations into preparation for retirement by providing an extra week's vacation at the age of 60, after 25 years of service. The vacation period is increased annually until the employee receives five extra weeks at the age of 65).

Canada's own long-term study on aging has now reached the half way mark and has already gathered a great deal of material of interest to sociologists and psychologists. Directed by Lawrence Crawford, Director of the Homes for the Aged, Office on Aging Branch of Ontario's Social and Family Services, and supervised by Jean Matlow of the Office on Aging, the study began in 1959 with a sampling of 2,000 men of 45, ranging from labourers and skilled workers to teachers and lawyers. It will continue until the survivors reach 65 in 1979, and is expected to provide a penetrating and comprehensive record of what happens to a man and his family from the time he reaches middle age until he faces retirement.

Each year the participants answer a questionnaire and interviews are carried out

by field workers centred in 19 Ontario communities. The purpose of the project is to evaluate over the years the socio-economic and health changes that accompany aging; the ways adjustments are made to alterations in the manner of living; and the effectiveness of all services (current and contemplated) for aging persons.

While no thorough analysis can yet be given, interesting patterns are already evident, as reported in *The Ontario Psychologist* earlier last year. For instance, it appears that the higher the income and the greater the level of education of participants, the more eagerly retirement is anticipated. Primary workers (farmers, miners, etc.) differ significantly from other groups in their attitudes: only 20.7 per cent look forward to retirement, while 41.5 per cent of white-collar workers welcome the prospect.

Many men in the study do not approve of arbitrary retirement at all, but because they work at jobs that have a set compulsory retirement age of 60 or 65 they are forced to face the problem. They cite as the most disagreeable aspects of retirement: not meeting people at work (77.6 per cent); having no daily routine to follow (64.8 per cent); having too much free time (71.7 per cent); having to stay at home too much (59.1 per cent).

### Positive Adjustment

"So many people come to retirement with no preparation, no idea of what to expect and no plans for what to do with their leisure", says Jack L. Lerette, of Toronto, president of the National Pensioners and Senior Citizens Federation, which was founded 25 years ago and has hundreds of thousands of members across Canada. He is also serving his eleventh term as president of the United Senior Citizens of Ontario, which started in 1956 and has some 70,000 members.

"From my experience with senior citizens, I can say that the ones who make some preparation before they retire are the happiest. People who don't use their minds and their physical capabilities when they stop work deteriorate faster than those who have some interest. I've seen people just disintegrate and die within three years".

Mr. Lerette knows at first hand what he is talking about. Now 77, he retired at 65 in 1958. After working for Goodyear he spent 13 years on the staff of the United Rubber Workers of America, the last five years as Canadian Director of Research and Education. He confesses that for three or four years before his compulsory retirement



he worried – “I didn’t know what it would do to me”.

Now he spends up to 12 hours a day serving the interests and welfare of other retired people. The two organizations of which he is president exist to work for financial betterment for pensioners, to form social clubs, to guide older people and assist them in using their leisure.

Mr. Lurette has no quarrel with compulsory retirement. He views it as a fact of life, here to stay, and in the best interests of the workers in most cases. But he believes that people should learn to adjust to retirement positively and that they should be given help in making preparations for what is in effect a new phase of life.

“A change of attitude towards retirement is necessary”, he says. “If only workers would face up to the inevitable fact, in good time, that they will have to retire at 60 or 65 they are less likely to end up watching television for 12 hours a day or looking at the four walls.

“Preparation should start in the 50s. People should find out what their pension will do for them and what kind of standard of living they can afford. They should make provision for living and health care arrangements. And above all they should begin to develop some real outside interests, such as part-time work or hobbies or joining clubs, which will keep them in contact with the community after retirement”.

### Pre-retirement Education

He believes employers can help ease the transition by providing guidance and encouragement, in the form of educational courses, to stimulate the development of leisure interests and planning during the last few working years. But he thinks that, to be successful, such programs must be geared to the special needs and attitudes of older workers. Courses would have to be organized during working time – “most older workers are pretty tired at the end of the day and wouldn’t bother to take advantage of courses run at night”.

Although research into the problems of aging and retirement have gone on for some time, the development of systematic programs of pre-retirement education for workers is a recent one. It is perhaps most comprehensive in Great Britain, where the National Old Peoples’ Welfare Council has organized a network of committees and councils to promote the creation of programs on company time and on company premises.

In Scotland, the Retirement Council of Glasgow organizes a “day release” scheme in which a number of companies participate.

Workers approaching retirement are released from their jobs for a day a week for seven weeks to attend lectures at a college and discuss their plans for retirement.

In North America, industry’s approach to preparing workers for retirement is confined largely to individual counselling, explanation of pension provisions and, in the case of a worker who requests guidance, a number of interviews to discuss specific problems. However, there are indications that more companies are beginning to introduce the group-discussion type of program in which several aspects of retirement in addition to income may be covered by lectures and an exchange of views.

Chrysler was one of the pioneers in this field with a program jointly sponsored and run by management and the United Auto Workers and in the past seven years more than 6,500 older workers in the US and Canada have participated. Workers and their spouses attend six two-hour group meetings at which health, legal and housing aspects, as well as leisure activities and other problems faced by retirees are discussed.

Doctors and lawyers and other experts are there to give advice and participants are encouraged to talk over their worries.

The basic course and program was provided by Dr. Woodrow Hunter, of the Department of Gerontology at the University of Michigan, where the first educational program for older people was conducted in 1948. The pioneering programs started at the University of Michigan and a few years later at the University of Chicago gave impetus to the development of pre-retirement projects by other American universities, adult education departments, church and other associations.

In Ontario, the Office on Aging of the Department of Social and Family Services drew up a night school course on preparation for retirement a few years ago in collaboration with the Toronto Board of Education. The course, consisting of 24 weekly lecture and question sessions conducted by experts in the field, started at Northern Secondary School in 1966. Since then there has been an annual enrolment of around 40 people.

In 1969 a course based on group discussion was presented at Eastern High School of Commerce and was so successful that last year a second course was started there for “graduates” from the two schools who wished to continue. Several community colleges have expressed interest in these projects.

### Mental Stimulus

But however the concept is expressed or what measures are suggested, there is agreement that preparation plays a vital role in helping people adjust to retirement and that lack of interests and mental stimulus in retirement can cause alienation from the community, despair and rapid deterioration.

There is growing recognition of the need to look on education not just as a means of getting a job but as a continuing process necessary for all stages of life. It can be of great assistance both to workers who want to remain in employment after retirement and those looking for ways to use their new leisure time purposefully.

Dr. James B. Stroud, of the State University of Iowa, states that we “should combat like the plague” the notion that the older person is too old to learn. And Dr. James Birren, of the University of California, an authority in the field of gerontology, claims that learning or mental activity is more important to successful living in old age than even housing or income.

Dr. Donald K. Grant, Director of Medical Services for Ontario Hydro, in recommending a well-organized program for second careers, says “we must develop a new concept of leisure and anoint it with some of the dignity that many ascribe only to work – there is a need to educate our people from an early age that there are other occupations or avocations than organized industrial work which are worth while, rewarding and productive in our community and social system”.

To sum up in the words of Dr. Robert Butler, Washington psychiatrist: “Perhaps the greatest danger in life is being frozen into a role that limits one’s self-expression and development. We need Middle Starts and Late Starts as well as Head Starts”.





## The Age Discrimination Act

**Ontario Human Rights Commission  
Ontario Department of Labour**

The aims and objectives of The Age Discrimination Act are not to restrict the rights of employers to advertise for, screen, hire and retain the most qualified persons available. It neither seeks to provide special privileges for workers in the 40-65 age group, nor to exclude younger workers from any area of employment for which they are qualified. What it requires is that the same standards of selecting, hiring, placing, promoting and retaining in employment be applied equally to all persons without regard to age.

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